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SUBJECT: AML: MOROCCO'S NEW LAW ENTERS INTO FORCE

REF: A. 06 RABAT 2284
[1](#)B. 06 RABAT 356
[1](#)C. BAIRD/SCHONANDER E-MAILS 5/7/07

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[1](#)1. (SBU) Summary: Morocco's long-awaited anti-money laundering statute officially entered into force on May 3, 2007, with its publication in the country's "Bulletin Officiel." Moroccan officials tell us they are currently working to finish the decrees that will implement the new law, and that they anticipate that the new Financial Intelligence Unit the law establishes should be up and running by early 2008. They indicated that they welcome U.S. assistance in setting up the FIU and in training its personnel, but believe such assistance would most usefully be provided next year. They added (and Embassy Madrid confirms) that Spain and France will take the lead in the EU in providing similar assistance, and that a convention to this effect will be signed in the near future. End Summary.

[1](#)2. (U) Morocco's anti-money laundering legislation, which was passed in parliament's special session in early March, became official on May 3 with its publication in the Kingdom's "Bulletin Officiel." The law (informal translation will follow via fax) fills in the key missing piece in Morocco's counter-terrorism finance legal framework, building on the overall law on terrorism which was passed in 2003. It establishes a financial intelligence union (attached to the Prime Minister's office), provides new powers for freezing and seizing assets, and requires financial institutions to report suspicious transactions. Penalties for money laundering range from 2 to 5 years imprisonment and 2,500 USD to 12,000 USD for individuals and 55,000 USD to 350,000 USD for institutions. Financial institutions that fail to carry out their monitoring responsibilities under the law can be fined from 12,000 USD to 60,000.

[1](#)3. (SBU) Earlier in late April, in anticipation of the law's publication, Econoffs met with Ministry of Finance officials to learn their timeline for implementation of the law and to renew discussion of how the U.S. might best assist Morocco as it moves to set up its FIU. Deputy Treasury Director Habib El Idrissi and Abdelaziz Khaoua, Head of the Credit Establishments Division of the Treasury Directorate told us that they were currently in the process of drafting implementing regulations for the law. These will be submitted to the Council of Government and the Council of Ministers after the Secretary General of the government has

organized a consultation around them, but as the "essential has already been discussed," El Idrissi predicted this would be accomplished within two months. Thereafter, the FIU will be set up and made operational. El Idrissi added that the Justice Ministry is organizing a "day of reflection" for stakeholders from across the government and private sector to inform them of the law's requirements and to explain how it will be implemented.

14. (SBU) Reviewing the law's passage through Parliament, El Idrissi noted that while a number of non-substantive amendments were introduced the Chamber of Deputies, expected opposition did not emerge in the Chamber of Representatives. Instead that chamber approved the bill unchanged. He suggested that the government had been successful in arguing that the FIU offered financial institutions and others an additional "protection," in that it would review suspicious cases before they were referred to the justice system, so that only cases which turned out to have "irregularities" would be sent to the judiciary.

15. (SBU) Noting the intensive consultations that have occurred over the years, El Idrissi and Khaoua looked forward to further cooperation with the U.S. in setting up Morocco's FIU and in providing training for its agents. They stressed, however, that such training would be most useful if it was provided in 2008, as they expect that the Financial Intelligence Unit will become operational at the turn of the year. They noted that they have also received offers of assistance from the European Union, and in fact will soon sign a cooperation convention with France and Spain. Under it, the two countries will provide training to personnel who will be assigned to the FIU (Embassy Madrid separately confirmed this information-- ref C). They judged USG

training, even if similar, would not be duplicative, but would provide valuable added perspective on U.S. experience in the area. El Idrissi noted that Morocco intends that the FIU be "supple and not gigantic." It will be constituted of a core group of personnel, and will pull in additional resources from concerned Ministries and institutions as is necessary.

16. (SBU) Comment: Publication of the law marks a major step forward for Morocco counter-terrorism finance regime. We are working with Legatt to organize a potential consultation visit in coming months to review training needs, even as

Moroccan officials from the Central Bank and elsewhere continue to participate in relevant FDIC and other training opportunities. We are also reaching out to counterparts at European missions to ensure that our bilateral assistance efforts are coordinated. End Comment.

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